

## Message Text

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ACTION STR-07

INFO OCT-01 IO-13 ISO-00 STRE-00 AF-10 ARA-10 EA-10  
EUR-12 NEA-11 OIC-02 AGRE-00 CEA-01 CIAE-00  
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05  
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05  
SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01  
DOE-15 /169 W

-----000740 021751Z /41

P 021733Z MAY 78  
FM USMISSION GENEVA  
TO SECSTATE WASHDC PRIORITY 9125  
INFO ALL EC CAPITALS

LIMITED OFFICIAL USE SECTION 01 OF 02 GENEVA 06673

USMTN, USEEC

ACTION STR PASS ELECTRICALLY FOR MCNAMARA  
STR PASS CODEL

E.O. 11652 N/A  
TAGS: MTN, ETRD  
SUBJECT: COMPARATIVE ANALYSIS OF U.S. AND EC EXCEPTIONS

1. THE USMTN DEL HAS BEEN DOING SOME PRELIMINARY COMPARATIVE ANALYSES OF THE EC "POSSIBLE WITHDRAWAL" LIST AND THE U.S. EXCEPTIONS LIST WHICH WE THINK COULD BE USEFUL IN WASHINGTON'S WORK. NOTE: ALL TRADE FIGURES CONTAINED HEREIN ARE BASED ON 1976 DATA; ALL FOLLOWING SECTORAL DATA ON U.S. IMPORTS FROM THE EC ARE COMPILED FROM COMPUTER ANALYSES LISTING ONLY SIGNIFICANT TRADE ITEMS.

2. THERE IS A LARGE IMBALANCE BETWEEN EC "POSSIBLE WITHDRAWALS" AND U.S. EXCEPTIONS IN TERMS OF TRADE COVERAGE.

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THE TOTAL VALUE OF U.S. INDUSTRIAL EXPORTS AFFECTED BY EC EXCEPTIONS (EXCLUDING \$110 MILLION IN PETROLEUM EXCEPTIONS) AMOUNTS TO \$2,354 MILLION, OR 14.6 PERCENT OF TOTAL U.S. EXPORTS TO THE EC. EC EXPORTS AFFECTED BY U.S. FULL AND PARTIAL EXCEPTIONS, ON THE OTHER HAND, AMOUNT TO ONLY \$1,141 MILLION, OR 6.7 PERCENT OF THE TOTAL. THUS, IN BOTH ABSOLUTE AND RELATIVE TERMS, EC EXCEPTIONS HAVE TWICE

THE TRADE COVERAGE AS THOSE OF THE U.S. IT APPEARS THAT A CONSIDERATION IN THE EC'S COMPUTATION OF PARTIAL EXEMPTIONS (53 PERCENT OF TOTAL EC EXCEPTIONS) WAS RATE EQUALIZATION WITHIN VARIOUS PRODUCT SECTORS; THE NET EFFECT OF WHICH IS GENERALLY SMALL REDUCTIONS FROM THE BASE AVE (USUALLY LESS THAN 25 PERCENT REDUCTIONS, OFTEN LESS THAN 10 PERCENT).

3. LUMBER AND PAPER PRODUCTS - EC EXCEPTIONS IN THIS GROUP TOTAL \$388 MILLION COMPARED TO U.S. EXCEPTIONS AMOUNTING TO ONLY \$0.9 MILLION. ALMOST ALL OF THE EC EXCEPTIONS ARE IN PAPER, WHERE PARTIAL CUTS RANGING FROM 20 TO 25 PERCENT ON MOST ITEMS WOULD BE MADE IF WITHDRAWALS ARE TAKEN. THE U.S. IS THE PRINCIPAL SUPPLIER (44 PERCENT) OF MOST OF THESE PAPER ITEMS. THE U.S., ON THE OTHER HAND, MADE FORMULA OR GREATER-THAN-FORMULA CUTS ON ALL PAPER ITEMS.

4. TEXTILES - THE U.S. OFFER EXCEPTS ABOUT \$245 MILLION EC EXPORTS; EC EXCEPTIONS AMOUNT TO ONLY \$34 MILLION. FULL AND PARTIAL EXCEPTIONS IN THE U.S. OFFER COVER ALMOST ALL TEXTILE AREAS, PARTICULAR YARNS, WOVEN FABRICS AND APPAREL OF COTTON, WOOL AND MANMADE FIBERS. EC EXCEPTIONS, ON THE OTHER HAND, ARE CONCENTRATED ON GLASS FIBERS (97 PERCENT) WHICH ARE SUBJECT TO LESS-THAN-FORMULA CUTS IN THE U.S. OFFER AS WELL.  
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5. CHEMICALS - IN 1976 THE U.S. SHIPPED \$2.9 BILLION OF CHEMICAL AND ALLIED PRODUCTS (EXCLUDING PETROLEUM PRODUCTS) TO THE EC, OF WHICH \$569.4 MILLION (19.6 PERCENT) ARE AFFECTED BY THE EC WITHDRAWAL LIST. THE U.S. CHEMICAL SECTORS HARDEST HIT BY PROPOSED EC WITHDRAWALS ARE: PLASTIC RESINS (\$340 MILLION IN EXPORTS TO THE EC); ORGANIC CHEMICALS (\$136 MILLION IN EXPORTS); AND FERTILIZERS (\$131 MILLION IN EXPORTS). THE FOLLOWING TABULATION DEPICTS THE COMPARATIVE OFFER SITUATION IN CHEMICALS:

- U.S. OFFER EC OFFER  
- IN MILLIONS OF DOLLARS

|                    |   |      |       |
|--------------------|---|------|-------|
| FULL EXCEPTIONS    | - | 1.8  | 135.7 |
| PARTIAL EXCEPTIONS | - | 34.2 | 433.7 |
| TOTAL EXCEPTIONS   | - | 36.0 | 569.4 |

ASP ITEMS (OFFER TO BE - 497.7 ---  
- SPECIFIED)

|                     |   |       |       |
|---------------------|---|-------|-------|
| TOTAL OF EXCEPTIONS | - | 533.7 | 569.4 |
|---------------------|---|-------|-------|

AND TO BE SPECIFIED

6. GLASS AND CERAMICS - FOR SCHEDULE 5, U.S. EXCEPTIONS  
OUTWEIGH EC EXCEPTIONS BY A RATIO OF 5:1 IF CERAMIC  
DINNERWARE (OFFER NOT YET SPECIFIED) WERE INCLUDED AS AN  
EXCEPTION (OTHERWISE ALMOST 4:1). THE \$147 MILLION IN  
U.S. EXCEPTIONS ARE CONCENTRATED IN GLASSWARE (37 PERCENT),  
CERAMIC DINNERWARE (30 PERCENT), CERAMIC TILE (12 PERCENT),  
AND CERTAIN GLASS (2 PERCENT). THE \$27.4 MILLION IN EC  
EXCEPTIONS ARE PRIMARILY IN GLASSWARE (50 PERCENT) AND  
REFRACTORY MATERIALS (17 PERCENT). THE UNITED STATES IS  
A MAJOR SUPPLIER OF REFRACTORY MATERIALS WHILE JAPAN IS  
THE PRINCIPAL SUPPLIER OF CERAMIC TILES AND CERAMIC  
ARTICLES.

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7. BASE METALS (ROUGHLY EQUIVALENT TO TSUS SCHEDULE 6

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ACTION STR-07

INFO OCT-01 IO-13 ISO-00 STRE-00 JUSE-00 AF-10 ARA-10  
EA-10 EUR-12 NEA-11 OIC-02 AGRE-00 CEA-01 CIAE-00  
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05  
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05  
SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01  
DOE-15 /169 W

-----000799 021802Z /46

P 021733Z MAY 78

FM USMISSION GENEVA

TO SECSTATE WASHDC PRIORITY 9126

INFO ALL EC CAPITALS

LIMITED OFFICIAL USE SECTION 02 OF 02 GENEVA 06673

USMTN, USEEC

ACTION STR PASS ELECTRICALLY FOR MCNAMARA  
STR PASS CODEL

ITEMS 601.03 THROUGH 644.92) - THE EC HAS COVERED IMPORTS FROM THE U.S. TOTALING \$216.7 MILLION IN ITS POSSIBLE WITHDRAWAL LIST, WHILE THE U.S. OFFER CONTAINS PARTIAL OR FULL EXCEPTIONS COVERING \$88.4 MILLION OF IMPORTS FROM THE EC, ABOUT HALF OF WHICH ARE MANDATORY EXCEPTIONS FOR SPECIALTY STEEL. THE EC WITHDRAWAL LIST IS BROAD IN SCOPE, BUT COVERS ONLY ONE KEY PRODUCT IN THE IRON AND STEEL SECTOR (PIPE AND TUBE); U.S. OFFER CARRIES ONE STEEL PIPE AND TUBE ITEM AS ECONOMIC EXCEPTION, REMAINDER AS FORMULA OR GREATER REDUCTIONS. THE BULK OF EC EXCEPTIONS ARE IN COPPER, ALUMINIUM, LEAD, ZINC, AND OTHER BASE METAL SECTORS. THE ONLY OVERLAPS IN EC AND U.S. EXCEPTIONS OTHER THAN STEEL PIPE AND TUBE OCCUR IN UNWROUGHT ZINC AND TUNGSTEN (BOTH ARE OFFERED BY U.S. AS LIMITED OFFICIAL USE

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LESS-THAN-FORMULA REDUCTIONS.) FOR ALL OTHER BASE METAL ITEMS ON THE EC LIST, THE U.S. IS OFFERING FORMULA OR GREATER REDUCTIONS.

8. METAL PRODUCTS, MACHINERY AND EQUIPMENT (ROUGHLY EQUIVALENT TO TSUS SCHEDULE 6 ITEMS 644.95 THROUGH 696.60)  
- THE EC LIST AFFECTS IMPORTS FROM THE U.S. TOTALING \$931.1 MILLION, WHILE THE U.S. OFFER CONTAINS EXCEPTIONS COVERING \$84.9 MILLION OF IMPORTS FROM THE EC. MOST OF THE EC'S PROPOSED EXCEPTIONS COVER ITEMS ON WHICH THE U.S. HAS OFFERED FORMULA OR GREATER REDUCTIONS. THE ITEMS EXCEPTED BY THE EC ARE AS FOLLOWS, WITH NOTATIONS CONCERNING THE TYPE OF EXCEPTION PROPOSED BY THE EC AND THE TYPE OF OFFER THE U.S. HAS MADE ON THE ITEM, (E.G. "G" FOR GREATER THAN FORMULA, "F" FOR FORMULA, "M" FOR MANDATORY EXCEPTION, "TBS" FOR TO-BE-SPECIFIED, ETC.):

- TABLEWARE (EC - MOSTLY "X"; U.S. - "TBS")
- OUTBOARD MOTORS (EC - "L"; U.S. - "G")
- SEWING MACHINES (EC - "X"; U.S. - "G" AND "F")
- ELECTRONIC CALCULATORS (EC - "L"; U.S. - "G" AND "F")
- BALL BEARINGS (EC - "X"; U.S. - MOSTLY "M")
- ELECTRICAL GENERATOR MOTORS, ETC. (EC - "X"; U.S. - "G")
- TRANSFORMERS (EC - "X"; U.S. - "G" AND "F")
- RADIO, TELEGRAPHIC AND TELEPHONIC TRANSMITTERS AND RECEIVERS (EC - "X"; U.S. - "F", "L", AND "M")
- ELECTRICAL CAPACITORS (EC - "X"; U.S. - "X")
- CATHODE-RAY TV TUBES (EC - "X"; U.S. - "X")
- TRANSISTORS (EC - "X"; U.S. - "F")
- RAILWAY BRAKES, AXLES, AND AXLE-BOXES (EC - "X";

- TRACTORS, NON-AGRICULTURAL (EC - "L" AND "X"; U.S.-"G")
  - AUTOMOBILES (EC - MOSTLY "X"; U.S. - "G")
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- TRUCKS (EC - MOSTLY "X"; U.S. - "F", BUT CHICKEN-WAR
- DUTY OF 25 PERCENT AD VAL. STILL IN EFFECT)
- CHASSIS (EC - "L" AND "X"; U.S. - MOSTLY "G")

9. GENERAL MANUFACTURED PRODUCTS (ROUGHLY EQUIVALENT TO TSUS SCHEDULE 7) - THE EC HAS EXCEPTED IMPORTS FROM THE U.S. TOTALING \$176.5 MILLION IN ITS POSSIBLE WITHDRAWAL LIST, WHILE THE U.S. HAS EXCEPTED \$546.1 MILLION OF IMPORTS FROM THE EC. \$397.5 MILLION OF THE U.S. EXCEPTIONS IN THIS SECTOR ARE MANDATORY EXCEPTIONS FOR FOOTWEAR; THE EC'S PROPOSED EXCEPTIONS FOR FOOTWEAR COVER ONLY \$5.8 MILLION OF IMPORTS FROM THE U.S. THE EC HAS PROPOSED PARTIAL EXCEPTIONS FOR PLASTIC LUGGAGE AND FLAT GOODS. ALTHOUGH THE U.S. HAS MADE A FORMULA OFFER ON SUCH ARTICLES, THE EC HAS MORE TRADE INTEREST IN THE LEATHER ARTICLES WHICH ARE LISTED IN THE U.S. OFFER AS LESS-THAN-FORMULA REDUCTIONS (LEATHER LUGGAGE) AND ECONOMIC EXCEPTIONS (LEATHER FLAT GOODS). THE EC HAS PROPOSED A PARTIAL REDUCTION ON LEATHER WEARING APPAREL, WHICH HAS BEEN TREATED AS ECONOMIC EXCEPTIONS BY THE U.S. THE EC HAS PROPOSED A PARTIAL EXCEPTION COVERING OVER \$100 MILLION OF U.S. EXPORTS OF ELECTRONIC MEASURING INSTRUMENTS; THE U.S. HAS OFFERED SUCH ITEMS AT FORMULA OR GREATER REDUCTIONS. THE EC PROPOSES FULL EXCEPTIONS FOR WATCH MOVEMENTS; THE U.S. HAS OFFERED GREATER-THAN-FORMULA REDUCTIONS ON THE ELECTRONIC TYPE, AND LESS-THAN-FORMULA REDUCTIONS ON THE CONVENTIONAL TYPE. THE EC HAS PROPOSED FULL EXCEPTIONS FOR CHILDREN'S WHEELED TOYS, WHICH ARE OFFERED BY THE U.S. AT GREATER-THAN-FORMULA REDUCTIONS. IN THE "WHEELED GOODS" SECTOR IT SHOULD BE NOTED THAT THE U.S. HAS TREATED VIRTUALLY ALL BICYCLES AS ECONOMIC EXCEPTIONS. THE EC HAS PROPOSED FULL EXCEPTIONS FOR SLIDE FASTENERS, WHICH ARE ECONOMIC EXCEPTIONS IN THE U.S. OFFER.

10. DRAFTED BY CASSIDY, O'CONNELL, ST. MAXENS. CULBERT

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## Message Attributes

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**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** DATA, EXCEPTIONS LIST  
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**Copy:** SINGLE  
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**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
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**Subject:** COMPARATIVE ANALYSIS OF U.S. AND EC EXCEPTIONS  
**TAGS:** ETRD, US, MTN  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
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